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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/757,933	01/15/2004	Bruce Bradford Thomas		6345

48509 7590 11/19/2007  
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EXAMINER
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NORMAN, SAMICA L

ART UNIT	PAPER NUMBER
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3694

MAIL DATE	DELIVERY MODE
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11/19/2007

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

**Office Action Summary**

Application No.

10/757,933

Applicant(s)

THOMAS, BRUCE BRADFORD

Examiner

Samica L. Norman

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 17 August 2007.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 29-43 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 29-43 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a). Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## DETAILED ACTION

**Claims 29-43 are pending. Claims 1-28 are cancelled.**

**The Objection to the Specification, 112-2<sup>nd</sup> Paragraph Rejection and 101 Rejection have been withdrawn due to applicant's current amendment.**

### *Specification*

1. The amendment filed August 17, 2007 is objected to under 35 U.S.C. 132(a) because it introduces new matter into the disclosure. 35 U.S.C. 132(a) states that no amendment shall introduce new matter into the disclosure of the invention. The added material which is not supported by the original disclosure is as follows: All of the replacement paragraphs.

Applicant is required to cancel the new matter in the reply to this Office Action.

### *Claim Rejections - 35 USC § 112*

1. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims 29, 34 and 39 recite the limitation "the underlying asset, the strike price, the term" in line 2. There is insufficient antecedent basis for these limitations in the claim.

3. Claims 30-33, 35-38 and 40-43 contain the same deficiencies as claims 29, 34 and 39 through dependency and, as such, are rejected for the same reasons.

4. Claims 33, 38 and 43 recite the limitation "some other type of personal property." It is unclear as to what type of personal property is previously mentioned.

*Claim Rejections - 35 USC § 101*

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 16-28 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

6. The subject matter courts have found to be outside of, or exceptions to, the four statutory categories of invention is limited to abstract ideas, laws of nature and natural phenomena. While this is easily stated, determining whether an applicant is seeking to patent an abstract idea, a law of nature or a natural phenomenon has proven to be challenging. These three exclusions recognize that subject matter that is not a practical application or use of an idea, a law of nature or a natural phenomenon is not patentable. See, e.g., *Rubber-Tip Pencil Co. v. Howard*, 87 U.S. (20 Wall.) 498, 507 (1874) (“idea of itself is not patentable, but a new device by which it may be made practically useful is”); *Mackay Radio & Telegraph Co. v. Radio Corp. of America*, 306 U.S. 86, 94, 40 USPQ 199, 202 (1939) (“While a scientific truth, or the mathematical expression of it, is not patentable invention, a novel and useful structure created with the aid of knowledge of scientific truth may be.”); *Warmerdam*, 33 F.3d at 1360, 31 USPQ2d at 1759 (“steps of locating’ a medial axis, and creating’ a bubble hierarchy . . . describe nothing more than the manipulation of basic mathematical constructs, the paradigmatic abstract idea”).

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7. The courts have also held that a claim may not **preempt** ideas, laws of nature or natural phenomena. The concern over preemption was expressed as early as 1852. See *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852) (“A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.”); *Funk Brothers Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 132, 76 USPQ 280, 282 (1948) (combination of six species of bacteria held to be nonstatutory subject matter).
8. Accordingly, one may not patent every “substantial practical application” of an idea, law of nature or natural phenomena because such a patent would “in practical effect be a patent on the [idea, law of nature or natural phenomena] itself.” *Gottschalk v. Benson*, 409 U.S. 63, 71-72, 175 USPQ 673, 676 (1972).
9. In the instant application the steps of the independent claims are abstract ideas.

### *Claim Rejections - 35 USC § 102*

10. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

11. Claims 29-33 and 39-43 are rejected under 35 U.S.C. 102(e) as being anticipated by Marynowski et al., U.S. Patent No. 7,251,629 (reference A on the attached PTO-892).
12. As per claim 29, Marynowski et al. teaches a method for constructing a contract, comprising the steps of: a. specifying an option by describing the underlying asset, the strike

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price, the term, and any exercise conditions (see column 10, lines 56-62); b. specifying a methodology that uses an option pricing model that will be used to value said option; and c. incorporating said option and said methodology in said contract (see column 10, lines 52-56).

13. As per claim 30, Marynowski et al. teaches the method of claim 29 as described above. Marynowski et al. further teaches where said underlying asset is a financial asset (see column 9, lines 3-9).

14. As per claim 31, Marynowski et al. teaches the method of claim 29 where said underlying asset is a commodity.

15. As per claim 32, Marynowski et al. teaches the method of claim 29 as described above. Marynowski et al. further teaches where said underlying asset is real property.

16. As per claim 33, Marynowski et al. teaches the method of claim 29 as described above. Marynowski et al. further teaches where said underlying asset is some other type of personal property.

17. As per claim 39, Marynowski et al. teaches a method for constructing a contract that will be listed on an exchange, comprising the steps: a. specifying an option by describing the underlying asset, the strike price, the term, and any exercise conditions (see column 10, lines 56-62); b. specifying a methodology that uses an option pricing model that will be used to value said option; and c. incorporating said option and said methodology in said contract (see column 10, lines 52-56).

18. As per claim 40, Marynowski et al. teaches the method of claim 39 as described above. Marynowski et al. further teaches where said underlying asset is a financial asset (see column 9, lines 3-9).

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19. As per claim 41, Marynowski et al. teaches the method of claim 39 as described above. Marynowski et al. further teaches where said underlying asset is a commodity (see column 9, lines 3-9).

20. As per claim 42, Marynowski et al. teaches the method of claim 39 as described above. Marynowski et al. further teaches where said underlying asset is real property (see column 9, lines 3-9).

21. As per claim 43, Marynowski et al. teaches the method of claim 39 as described above. Marynowski et al. further teaches where said underlying asset is some other type of personal property (see column 9, lines 3-9).

22. Claims 34 and 35 are rejected under 35 U.S.C. 102(e) as being anticipated by Pandher, U.S. PG-Pub No. 2004/0128221 (reference B on the attached PTO-892).

23. As per claim 34, Pandher teaches a method for constructing a compensation contract, comprising the steps of: a. specifying an option by describing the underlying asset, the strike price, the term, and any exercise conditions (see paragraph 0029, 0033 and 0034); b. specifying a methodology that uses an option pricing model that will be used to value said option; and c. incorporating said option and said methodology in said contract (see paragraph 0025, lines 3-4).

24. As per claim 35, Pandher teaches the method of claim 34 as described above. Pandher further teaches where said underlying asset is a financial asset (see Abstract).

*Claim Rejections - 35 USC § 103*

25. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

26. Claims 36-38 are rejected under 35 U.S.C. 103(a) as being unpatentable over Pandher, U.S. PG-Pub No. 2004/0128221 (reference B on the attached PTO-892) in view Marynowski et al., U.S. Patent No. 7,251,629 (reference A on the attached PTO-892).

27. As per claim 36, Pandher teaches the method of claim 34 as described above. Pandher fails to teach where said underlying asset is a commodity. Marynowski et al. teaches where said underlying asset is a commodity (see column 9, lines 3-9). It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate this feature into the method of Pandher. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose modifying the invention for use in trading other securities (see column 9, lines 3-5 of Marynowski et al.).

28. As per claim 37, Pandher teaches the method of claim 34 as described above. Pandher fails to teach where said underlying asset is real property. Marynowski et al. teaches where said underlying asset is real property (see column 9, lines 3-9). It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate this feature into the method of Pandher. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose modifying the invention for use in trading other securities (see column 9, lines 3-5 of Marynowski et al.).



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29. As per claim 38, Pandher teaches the method of claim 34 as described above. Pandher fails to teach where said underlying asset is some other type of personal property. Marynowski et al. teaches where said underlying asset is some other type of personal property (see column 9, lines 3-9). It would have been obvious to one of ordinary skill in the art at the time of the invention to incorporate this feature into the method of Pandher. One of ordinary skill in the art would have been motivated to incorporate this feature for the purpose modifying the invention for use in trading other securities (see column 9, lines 3-5 of Marynowski et al.).

### *Response to Arguments*

30. Applicant's arguments with respect to claims 29-43 have been considered but are moot in view of the new ground(s) of rejection.

### *Conclusion*

31. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

32. A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37

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CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

33. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Samica L. Norman whose telephone number is (571) 270-1371. The examiner can normally be reached on Mon-Thur 6:30a-4p, w/ 1st Fri off & 2nd 6:30a-3p.

34. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

35. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

sln



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